

Message Text

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ACTION EB-03

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SUBJ: US-AUSTRALIAN TALKS ON USER CHARGES

REF: A) STATE 216566; B) MONTREAL 5085

1. PURSUANT TO US REQUEST, AUSTRALIAN AND US DELEGATIONS MET ON OCTOBER 7 AND 8 TO DISCUSS AUSTRALIAN USER CHARGES. MEETING ON OCTOBER 7 DEALT PRIMARILY WITH THE INTERROGATORY. BOTH DELEGATIONS COMMENTED ON ALL QUESTIONS, BUT PRIMARY EMPHASIS OF THE MEETING WAS ON THE COSTS OF THE AUSTRALIAN SYSTEM, METHODS OF ALLOCATING COSTS, THE BASIS FOR AUSTRALIAN CHARGES, AND POSSIBILITIES FOR REVISIONS OF THE SYSTEM. AT THE CLOSE OF THE OCTOBER 7TH MEETING IT WAS AGREED THAT A WORKING GROUP WOULD MEET OCTOBER 8TH TO GO OVER THE AUSTRALIAN DATA IN MORE DETAIL.

2. THE WORKING GROUP MET WITH THE US REPRESENTED BY SAMUEL EASTMAN AND CARRIER REPRESENTATIVES, AND THE AUSTRALIAN SIDE REPRESENTED BY MR. JAMES HOLT. THE AUSTRALIANS PROVIDED COPIES OF THE STUDY COMPLETED BY THE AUSTRALIAN GOVERNMENT WITH PANAM AND CARRIER REPRESENTATIVES. THEY ALSO PROVIDED COPIES OF CURRENT COST DATA AND OTHER INFORMATION PURSUANT TO OUR REQUEST.

3. THE TWO DELEGATIONS MET AT 3:00 PM TUESDAY, OCTOBER 8TH TO DISCUSS TENTATIVE CONCLUSIONS. THE US RECOGNIZED THAT THE

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AUSTRALIANS HAD BEEN FORTHCOMING WITH INFORMATION AND THAT TIME

WOULD BE REQUIRED TO FULLY ANALYZE. NEVERTHELESS, THE US HAD REACHED PRELIMINARY CONCLUSIONS: THAT AUSTRALIA WAS APPARENTLY NOT FOLLOWING ICAO FINANCING PRINCIPLES NOS. 9, 24 AND 26; THAT THERE WAS A LACK OF RELATIONSHIP BETWEEN AUSTRALIAN COSTS AND AUSTRALIAN CHARGES; THAT USING THE EXAMPLE QUOTED BY MINISTER JONES, AS CORRECTED, THERE EXISTED A SIGNIFICANT AND POSSIBLY EXCESSIVE DISPARITY BETWEEN US AND AUSTRALIAN CHARGES AND THAT AT LEAST PENDING FURTHER REVIEW AUSTRALIA SHOULD NOT FURTHER INCREASE THEIR CHARGES. THE US ALSO DISCUSSED THE WAY IN WHICH THE LEGISLATION PROPOSED BY SENATOR CANNON TO ASSESS "COUNTERVAILING" CHARGES IN SUCH CASES WOULD OPERATE. THE US ALSO PROVIDED THE AUSTRALIANS WITH THE LANGUAGE OF A POSSIBLE INTER-GOVERNMENTAL AGREEMENT PURSUANT TO REFTEL A), TO WHICH THE AUSTRALIAN DELEGATION RESPONDED THAT THEIR BRIEF FOR THIS MEETING DID NOT GO BEYOND THE EXCHANGE OF INFORMATION AND, THEREFORE, THEY WERE UNABLE TO AGREE AT THIS TIME TO ANY MORATORIUM ON FURTHER INCREASES OR "COUNTERVAILING" CHARGE DESIGNED TO EQUALIZE THE AMOUNTS PAID BY AUSTRALIAN AND US CARRIERS.

4. AFTER SOME DISCUSSION OF POSSIBLE NEXT STEPS PURSUANT TO REFTEL A) AND THE DOT POSITION PAPER, IT WAS AGREED THAT AFTER THE BOTH SIDES HAVE AN OPPORTUNITY TO ANALYZE THE INFORMATION PROVIDED, AN EARLY MEETING WOULD BE DESIRABLE, BUT THE AUSTRALIAN DELEGATION WAS UNABLE TO AGREE TO A SPECIFIC TIME FOR SUCH A MEETING. THE US SIDE STRESSED THE DESIRE TO MEET ON OR ABOUT NOVEMBER 15, OR AT LEAST BEFORE THE END OF THE YEAR, BUT THE AUSTRALIANS COMMENTED THIS TIMING MAY BE DIFFICULT.

5. ON THE BASIS OF THE DISCUSSION, THE US PROPOSED AND THE AUSTRALIANS AGREED TO THE RELEASE OF THE PRESS RELEASE (REFTEL B)). THE AUSTRALIAN SIDE SUGGESTED SOME CHANGES IN WORDING, THE MOST SIGNIFICANT OF WHICH IS THE ADDITION OF THE CLAUSE DENYING THE EXISTENCE OF A DISPARITY IN THE COST/CHARGE RELATIONSHIP.

6. THE ATA OBSERVER PARTICIPATED IN BOTH DELEGATION AND FORMAL MEETINGS AND HIS NOTES WILL PROVIDE MORE DETAIL ON SPECIFIC POINTS MADE BY BOTH SIDES.

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